

CITY OF UNION GAP
Yakima County, Washington
January 1, 1994 Through December 31, 1995

Schedule Of Findings

1. Public Funds Were Misappropriated From The Municipal Court

Our audit of the financial records of the Municipal Court of the City of Union Gap revealed that at least \$250 in public funds was misappropriated by a clerk in July 1996. There were no federal funds involved in this case.

In September 1996, city management officials notified us of a theft of cash receipts at the Municipal Court. After the city investigated this loss, the responsible clerk confessed to the misappropriation of \$250 during the period of her employment at the court. Her employment with the city was immediately terminated. During our audit, we reviewed the work performed by the city and agreed with their findings and conclusions. These funds were misappropriated as described below.

Cash receipts from customer payments made to the Municipal Court were taken by a clerk. When defendants made time payments, the clerk did not record the transaction in the District Court Information System (DISCUS) accounting system. Therefore, a system-generated cash receipt was not issued for these payments. This loss was subsequently discovered when defendants came in the following month to make another time payment and found that their previous transaction had not been properly recorded in DISCUS.

The City of Union Gap's internal controls promptly detected these losses. However, the city entered into a formal agreement with the court clerk stating that they would not prosecute her for this theft after she made restitution of the loss amount to the city. In addition, the city did not notify the State Auditor's Office of this action until after this agreement had been made with the clerk.

The City of Union Gap has a personnel dishonesty bonding policy for all employees. However, this loss was not covered by the bonding company because it was less than the deductible provision of the policy.

RCW 42.20.070 states:

Misappropriation and falsification of accounts by public officer.

Every public officer, and every other person receiving money on behalf or for or on account of the people of the state or any department of the state government or of any bureau or fund created by law in which the people are directly or indirectly interested, or for or on account of any county, city, town or any school, diking, drainage, or irrigation district, who:

(1) Shall appropriate to his or her own use or the use of any person not entitled thereto, without authority of law, any money so received by him or her as such officer or otherwise; or

(2) Shall knowingly keep any false account, or make any false entry or erasure in any account, of or relating to any money so received by him or her, or

(3) Shall fraudulently alter, falsify, conceal, destroy or obliterate any such account; or

(4) Shall willfully omit or refuse to pay over to the state, its officer or agent authorized by law to receive the same, or to such county, city, town, or such school, diking, drainage, or irrigation district or to the proper officer or authority empowered to demand and receive the same, any money received by him or her as such officer when it is a duty imposed upon him or her by law to pay over and account for the same, shall be punished by imprisonment in a state correctional facility for not more than fifteen years.

RCW 43.09.260 states in part:

Local government accounting-Examination of local governments-Reports-Action by attorney general . . . It shall be unlawful for any local government or the responsible head thereof, to make a settlement or compromise of any claim arising out of such malfeasance, misfeasance, or nonfeasance, or any action commenced therefor, or for any court to enter upon any compromise or settlement of such action, without the written approval and consent of the attorney general and the state auditor.

We recommend the City of Union Gap refrain from entering into any settlement agreement with an employee in cases involving losses of funds without the written approval and consent of the Attorney General's Office and the State Auditor's Office. We further recommend the Washington State Office of the Attorney General and the Yakima County Prosecuting Attorney review this matter and take whatever action is deemed necessary under the circumstances.